

REMARKS

This amendment is offered in response to the Office Action of October 3, 2007.

The claims have been amended to obviate the rejections under 35 U.S.C. §112, second paragraph.

The Office Action rejected Claims 1-2, 5 and 13-24 under 35 U.S.C. §103(a) as being obvious over the Whalley reference (U.S. Patent Publication 2003/0225657 A1) in view of the E*Trade reference (“Option Centre: Covered Combinations”).

However, upon examination, one finds substantial differences between the Whalley reference and the presently claimed invention. The Whalley reference uses a single “call index option” written against various derivative asset bases included ETFs, mutual funds and various other market baskets and does not write options on the individual stocks. This is quite different from “purchasing shares of a plurality of stocks … writing a number of call options and a number of put options for each of said plurality of stocks” as recited in Claim 1 (with similar language in Claims 22-24). Similarly, the E*Trade reference simply refers to the writing of calls on an individual stock, rather than a portfolio of stocks, particularly a “plurality of stocks being the stocks represented in an index or exchange traded fund” as recited in Claim 1. Similarly, the E*Trade reference does not give particular guidance as to when the options should be written, and provides nothing regarding a systematic approach to managing a portfolio. This is in contrast to the claimed “at the beginning of the options cycle …”.

Therefore, both references are quite different from the presently claimed invention in the manner of choosing the underlying assets against which to write the options. The Whalley reference writes call options against a derivative asset base (as described above) and the E*Trade reference writes options against an individual stock. Neither reference writes options against a

plurality of individual stocks, particularly those stocks “represented in an index or exchange traded fund” as recited in Claim 1.

Moreover, the Whalley reference discloses nothing regarding the writing (i.e., selling) of put options. Paragraph [0082] and Claims 59 et seq. refer to the purchasing of put options or the purchasing of a protective collar, which involves writing call options and purchasing put options. If anything, this portion of the Whalley reference teaches away from the presently claimed invention in that it suggests the purchasing of puts, rather than the claimed “writing … a number of put options for each of said plurality of stocks” (emphasis added), which is completely the opposite.

Similarly, the E*Trade reference exercises “in-the-money” options at maturity rather than closing them out (as explicitly stated in Claim 1); assigns stock at maturity for the in-the-money puts and instructs obligatory sale of stock at maturity for in-the-money calls. More specifically, the E*Trade reference is typically used by the investor bullish on a particular stock in order to help lower the cost basis on a particular stock. With this in mind, the E*Trade reference instructs the investor to buy half of an intended stock position, with additional purchase through stock assignment at the expiration or maturity of the put option, and further instructs stock sale through call assignment if the price rises at the expiration of the call option.

It is respectfully submitted that the combination of these references is based upon hindsight gained after review of the disclosure, which is improper and that the combination of these references is still inadequate to reject the presently pending claims.

It is therefore respectfully submitted that this rejection is overcome.

The Office Action further rejected Claims 3, 4, 6, 7, 11 and 12 under 35 U.S.C. §103(a) as obvious over the Whalley reference in view of the E*Trade reference and further in view of

the Lim reference. The Lim reference appears to disclose a user interface and does nothing to resolve the deficiencies of the rejection of the independent claims (and others) over the Whalley reference in view of the E*Trade reference. Moreover, there is no reason to combine these references, other than possibly hindsight gained after review of the disclosure, which is clearly improper.

It is therefore respectfully submitted that this rejection is overcome.

For all of the reasons above, it is respectfully submitted that all of the presently pending claims are in immediate condition for allowance. The Examiner is respectfully requested to withdraw the rejections of the claims, to allow the claims, and to pass this application to early issue.

Respectfully submitted,



Ronald E. Brown
Registration No. 32,200

Day Pitney LLP
7 Times Square
New York, New York 10036-7311
212-297-5800